FIFTH

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

NORTH-WESTERN RAIL ROAD COMPANY.

MADE TO THE STOCKHOLDERS, JANUARY 11, 1858.

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OFFICERS

FOR THE YEAR 1858.

PRESIDENT,

JAMES S. WATSON.

DIRECTORS,

JOSEPH M. THOMAS,	Philad. city.	WILLIAM J. STERRETT,	Saltsburg.
EDWARD C. MARKLEY,	"	JOSEPH KISSICK,	Lawrence County.
HORATIO N. BURROUGHS,	"	JOHN GRAFF,	Blairsville.
SAMUEL T. CANBY,	"	OLIVER EVANS,	by City Councils.
DANIEL S. BEIDEMAN,	"	ALBERT R. FŒRING,	"
ROBERT S. REED,	"	JAMES S. WATSON,	"

TREASURER,

GEORGE W. McMAHAN.

SECRETARY,

WILLIAM P. HUDDELL.

SOLICITOR,

THOMAS W. HIGGINS.

CHIEF ENGINEER,

SAMUEL H. KNEASS.



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FIFTH ANNUAL REPORT.

The President and Directors of the North-Western Railroad Company, in view of the difficulties under which they have labored since they assumed the direction of its affairs, feel it due to themselves as well as the stockholders they represent, to submit for their information the present condition of the road, its finances, cost, and present indebtedness, the cost of completion and the available means for that purpose; the means adopted to secure the subscription from the City of Philadelphia, and to relieve individual subscribers; as also, a few facts that may not be uninteresting as to the manner in which the business of the Board has been conducted, and all the available means of the company disposed of; in the hope that they will not be held responsible for the present condition of the company, or the failure to make further progress towards the completion of the road.

The North-Western Railroad Company was chartered February 9, 1853, for the purpose of constructing a road "from some point on the Pennsylvania or Alleghany Portage Railroad, at or west of Johnstown, by the way of Butler, to the Pennsylvania and Ohio State line, at some point on the Western boundary line of Lawrence county": And after the necessary examination and surveys, Blairsville was fixed upon as the Eastern connection with the Pennsylvania road; thence to Freeport, a distance of 35 miles; thence to Butler 23 miles; and terminating at New

Castle, 31 miles, where it connects with the Cleveland and Mahoning road; making the whole extent of the road 89 miles.

The first meeting held by the Directors (as appears by the record) was at Butler, on the first day of June 1853, at which it appears an Engineer, (W. Warner,) was elected, whose salary was "to date from the time he commenced his work upon the road;" and at a meeting held on the sixth of same month, a warrant was ordered to be drawn for $496 95, to pay Engineering for the month of May. From these resolutions, it would seem that meetings were held prior to that upon record (June 1, 1853) at which this work was authorized, or the Engineer must have assumed great responsibility in commencing without authority. There is no record of the election of those Directors, or of any report from the Commissioners.

These facts are merely adverted to, to show the loose manner in which the business of the Board was conducted in the incipiency of its organization.

On the 16th August, 1853, the President was authorized to procure the subscriptions from the county of Lawrence, $200,000; and Butler, $250,000; and while it is evident that these subscriptions were obtained (as by the books frequent payments have been made of these bonds) no report or mention is made upon the minutes of the fact.

On the 10th May, 1854, a contract was entered into with Malone, Painter, Clark and Gonder, for the construction of the entire road for the sum of $3,800,000, and to be completed by the 1st day of May 1856; this time was subsequently extended to the 1st day of July, 1856. They had, however, only completed the grading and ballasting of the road from Blairsville to Freeport, a distance of 35 miles, on the 1st day of June 1856, when the Board, under the administration of Mr. Robert S. Reed, entered into an arrangement by which the original contract was canceled and a new one (as it has been alleged, more favorable to the company) agreed upon and entered into by Mr. Reed with Malone, Painter, Clark and Gonder.

With regard to the benefit derived by the Company, by the cancellation of the original contract, it may only be submitted whether it is probable that the then contractors would have been willing to change the character of the contract to one more favorable to the Company, or less so to themselves. Every business man will readily conceive, that just in proportion as the last contract was more favorable to the Company, so was it to the interest of the contractors to adhere to the original; and yet they willingly entered into the new arrangement, evidently because of its favorable features to them.

This last contract secured to Malone, Painter, Clark & Gonder, all the payments in cash, or its equivalent, and relieved them entirely from their stock subscription; but the actual payments and estimates of work under both contracts, will determine more clearly who were the gainers by this second contract, to wit:

The whole amount of work, as estimated by S. H. Kneass, Chief Engineer, under the first contract, to June 1, 1856, was - - - - - -		$1,225,500 00
On which was paid,		
In Butler county bonds, -	$202,000 00	
In Lawrence county bonds, -	154,499 34	
In Philadelphia City bonds, -	600,000 00	
	$956,499 34	
And due them as follows:		
Butler county bonds, - -	34,024 82	
Lawrence county bonds, -	31,898 27	
Philadelphia City bonds, -	106,327 57	
In stock, being the proportion to be taken by them, according to the work estimated, - -	96,750 00	
		$1,225,500 00

By the second contract, the estimate of the Engineer for the same work was $829,885 05. By the first contract, all the bonds were to be received by Malone, Painter, Clark & Gonder, at par. By the second, they were to be at cash value; so that, although the estimate for the work under the second contract was reduced, the payments were so changed as really to make the cost to the Company much above that of the first contract, as follows:

The estimate was - - - -		$829,885 05
And payments in		
City Philadelphia bonds, -	$600,000 00	
Butler county bonds, - -	11,500 00	
Lawrence county bonds, -	3,000 00	
First mortgage bonds, - -	250,000 00	
Cash, - - - -	50,000 00	
Company notes, - -	21,276 16	
		$935,776 16
Under an award by Messrs. Foster & Faries, (arbitrators,) as conditioned for in second contract, Lawrence county bonds, - -		50,500 00
First mortgage, - - - -		158,000 00
Under a second award, by Messrs. John Welsh, Morehead and Longstreth, arbitrators, (to make settlement under another clause of second contract,) - - - - -		107,000 00
Total under second contract, -		$1,251,276 16

Thus it will be seen that the actual payments, in final settlement with Malone, Painter, Clark & Gonder, under the second contract, was $25,776 16 more than they claimed or could have received under the first contract; but, in addition to this, under the first contract they would have been compelled to receive $96,750 in stock. Under the second, they were entirely released

from taking stock; so that, by this second arrangement, so advantageous to the Company, an additional $96,750 of its working means was drawn from it. Nor was this the only loss to the Company; for, by the terms of the second agreement, the subcontracts were assumed by the Company, and in settlement for them, the loss sustained on the bonds, which, under the first contract, would have passed at par, was $157,484 82, to which add loss first shown, of $25,776 16, and we have *an actual loss to the Company, by abandoning the first contract*, of $183,260 98, independent of the substitution of bonds, &c., for stock subscription.

In the original contract with Malone, Painter, Clark & Gonder, they were required to take 6,000 shares of the stock of the company; *by the second contract they were released entirely from taking any stock:* this was not done, however, until after the subscription by the city of Philadelphia of $750,000 was obtained, and the then Directors, and many of the Commissioners had, by resolution, relieved themselves of *their* subscription.

It appears that one of the conditions of the subscription by the city of Philadelphia was, that other subscriptions to the amount of $1,000,000 should be obtained, and ten per cent paid thereon before the city subscription should be binding; this statement was made to the Mayor and Joint Committee on Railroads of the Councils of the city of Philadelphia on the 27th April, 1854, certifying that ten per cent. on a subscription of $1,000,000 had been paid in; and thereupon the subscription by the city of Philadelphia was made absolute.

The following will show how far these statements were made in good faith by the then Directors. On the 10th July, 1854, the subscriptions, as appears by the record, were:

Individual, - - - - - -	11,483 shares.
Butler and Lawrence counties, - -	9,000 "
Total, - - - - -	20,483 = $1,024,150

It will thus be observed that the whole list contained but 483 more subscriptions than was absolutely necessary to secure the city subscription; and yet, at a meeting of the Directors held July 10, 1854, and after the city subscription had been secured, it was agreed, "that the following subscribers are hereby permitted to transfer the amount of subscription set opposite their respective names, to Messrs. Malone, Painter, Clark & Gonder, contractors, to be regarded as a part of the three hundred thousand dollars of stock which they are to receive by their contract," viz:

DIRECTORS.

C. C. Sullivan,	140	shares.
S. M. Lane,	45	"
J. M. Sullivan,	10	"
John Graham,	60	"
J. N. Purviance,	10	"
S. A. Purviance,	80	"
A. N. Meylert,	76	"
Total,	421	"

COMMISSIONERS.

G. W. Smith,	60	shares	
A. McGill,	40	"	
J. Zeigler,	40	"	
J. Campbell,	40	"	
	180	"	

OTHERS.

W. Stewart,	60	"	
W. S. Boyd,	25	"	
W. Campbell,	80	"	
	165	"	
Total,	766	shares.	

In addition to the above, the transfer books show the following transfers to the same parties, without authority, so far as appears by the record:

FROM DIRECTORS.

A. L. Crawford,	300 shares.	
R. W. Cunningham,	200 "	
A. N. Meylert,	200 "	
J. Graham,	100 "	
C. C. Sullivan,	200 "	
S. A. Purviance,	200 "	
J. N. Purviance,	100 "	
J. M. Sullivan,	50 "	
		1,350 shares.

FROM OTHERS.

W. S. Boyd,	200 shares.	
I. Painter,	300 "	
B. B. Gonder,	100 "	
		600 "
Total,		2,716 shares.
To which add subscription made by S. M. Lane, in name of Jacob Perkins, and which it is alleged by Mr. Perkins was without his authority,		1,000 "
Total,		3,716 shares.

This deducted from 20,483 shares, the number first claimed to have been taken, leaves but 16,767 shares, or $838,350, instead of the $1,000,000, as represented to the Mayor and Committee of Councils at the time the city subscription was secured.

The 2,716 shares which the Directors thus so liberally relieved themselves of by transfer to Malone, Painter, Clark & Gonder,

and from which Malone, Painter, Clark & Gonder were subsequently relieved by their second contract, were then (in addition to the 6,000 shares which Malone, Painter, Clark & Gonder were to take under the first contract) entirely lost to the company. But at the same meeting at which these transfers were authorized (July 10, 1854,) the following singular preamble and resolution was, (as appears for a manifest purpose,) on motion of J. Graham and J. M. Sullivan, passed, to wit:

"Whereas, at the time the subscription was made by the city of Philadelphia, the Treasurer of the North-Western Railroad Company stated to the Mayor and others, in writing, that ten per cent. on a subscription of one million of dollars had been paid in; and whereas it was explained at the time to the satisfaction of the said Mayor and others, that the ten per cent. on the subscription of the counties of Lawrence and Butler had not yet been received: Therefore, *Resolved*, That the Treasurer of this company shall be held responsible to this company for no other or greater amount of per centage or other moneys paid on stock than he actually receives, or has received."

It is evident, from this resolution, that subscriptions were made by the Directors for no other purpose than to secure the subscription from the city of Philadelphia; that done, they rid themselves of their stock, and then pass a preamble, exonerating the Treasurer from his statement, so far as it applied to *Lawrence and Butler counties;* and to this there could be no serious objection: but, the resolution applies to *all* subscriptions, and includes, of course, that of the Directors so liberally disposed of by transfer; and without this resolution the Treasurer would have been liable for ten per cent. on one million of dollars; but there being only $838,350 subscribed, including the Butler and Lawrence county subscription, upon which anything had been paid (and indeed the first instalment had not been paid on a very large amount of this,) it is clear that a gross misrepresentation was made to the Mayor and others; and hence the resolution to

save the dollar and cent portion of the responsibility of the then Treasurer.

In addition to the convenient mode adopted by the Directors, as just referred to, to rid themselves of most of the stock taken by them, it may be well to show the number of shares retained by each of these Directors and Commissioners, and the easy method of settlement adopted by them, to wit:

C. C. Sullivan, a Director, 60 shares, - - -		$3,000
On which there is a credit for services prior to organization of company,	$1,000 00	
His note, (passed away by Company,)	500 00	
		1,500
Balance still due by him, - - -		1,500
In addition to which he received in cash, for travelling expenses, - -	773 09	
And services and expenses as Director,	200 00	
		973 09
S. A. Purviance, a Director, 40 shares, - -		2,000 00
On which he is credited for services at Harrisburg and Philadelphia, and procuring stock, - - - - -	980 00	
His note, (passed away by company,) -	1,000 00	
Cash, - - - - - - - -	20 00	
		2,000 00
Amount received by him in cash, for expenses, -		100 00
S. M. Lane, a Director, 58 shares, - -		2,900 00
On which he is credited for services at Harrisburg, - - - - -	500 00	
Procuring stock and releases, -	2,400 00	
		2,900 00

Amount received by him in cash, for expenses as agent, - - -	$252 66	
Travelling expenses, - - - -	739 00	
Total in cash, - - -	$991 66	
John Graham, a Director, 40 shares, - -		2,000 00
On which he is credited for services at Harrisburg, as Director, and procuring stock, - -		1,000 00
Still unpaid, - - - - - -		$1,000 00

Amount received by him in cash, for expenses, $230,25; and as solicitor, $500 cash; and at same time $500 for services as Director, which last sum was included in the $1,000 credited as stock.

A. L. Crawford, a Director, 50 shares, - -		-$2,500 00
On which he is credited for cash, - -	$250 00	
Note, - - - - - - - -	150 00	
		400 00
Still unpaid, - - - - - - -		2,100 00
J. McFarland, a Director, 5 shares, - - -		$250 00
On which he is credited cash, - -	$15 00	
And for services as Director, and procuring stock, - - - - -	235 00	
		250 00
Amount received by him in cash for services as Director,		466 00
R. W. Cunningham, a Director, 20 shares, - -		$1,000 00
On which he is credited cash, - -	100 00	
And services as Director, - - -	900 00	
		1,000 00
And received by him in cash, for services as Director,		602 83

J. N. Purviance, a Director, 40 shares, - -		$2,000 00
On which he is credited for services as Director, - - - - - -	$500 00	
Services as Commiss'r, and procuring stock,	375 00	
" as Director, - - - -	375 00	
" at Harrisburg, &c., - -	150 00	
		1,400 00
Balance still unpaid, - - - -		600 00
And received by him in cash for services, - -		171 00
J. M. Sullivan, a Director, 40 shares, - -		$2,000 00
On which he is credited for services at Harrisburg, Philadelphia and New York, and procuring stock,		1,082 50
Balance still unpaid, - -		$917 50
Amount received by him in cash, for services and expenses as Director, - - - -		$449 18
A. N. Meylert, a Director, 60 shares, -		$3,000 00
On which he is credited for services in procuring stock and charter, - -	1,375 00	
Services as Secretary, - -	125 00	
		1,500 00
Balance still unpaid, - - -		$1,500 00
Amount received by him in cash, for travelling expenses, - -	348 46	
And for services as Secretary and Treasurer, - - - -	1,966 66	
	$2,315 12	
D. Sankey, a Director, 10 shares, - -		$500 00
On which he is credited for services, time and expenses as Director, - - -		500 00
And obtained by him in cash, traveling expenses,		963 75
Salary as Treasurer and Assistant Treasurer, -		2,375 00
		$4,338 75

J. D. Clark, a Director, 20 shares, -	-	$1,000 00
On which he is credited in cash, -	$500 00	
Services as Director and Commissioner, -	500 00	
		1,000 00
D. Leech & Son, 40 shares, -	-	$2,000 00
On which is a credit, cash, -	1,285 00	
And services of J. L. Leech as Director,	450 00	
		1,735 00
Balance still unpaid, -	-	$265 00
Wm. Maher, a Director, 20 shares, -	-	$1,000 00
On which is a credit for services and expenses as Director, - -	612 25	
Services in procuring stock, - -	400 00	
		1,012 25
Geo. W. Smith, a Commissioner, 100 shares,	-	$5,000 00
On which is a credit for services at Harrisburg as Commissioner, - - -		800 00
Balance still unpaid, - -	-	$4,200 00
J. G. Campbell, a Commissioner, for J. G. & W. Campbell, 60 shares, - -	-	$3,000 00
On which is a credit for services of J. G. Campbell as Commissioner, -	500 00	
Expenses, - -	256 00	
Travelling expenses, - -	553 34	
And cash, - -	600 66	
		1,910 00
Balance still unpaid, - -		$1,090 00

A. McGill, Commissioner, 20 shares, -	$1,000 00
On which is a credit for services as Commissioner, and at Harrisburg, - - -	400 00
Balance still unpaid, - -	$600 00
D. McLaughlin, Commissioner, 40 shares, -	$2,000 00
On which is a credit for services at Harrisburg, release agent, and expenses, - -	1,071 00
Balance still unpaid, - - -	$929 00
Amount obtained by him in cash, as release agent,	$175 00

Thus, $13,334 75 of the balance of the subscription by the Directors, and $3,580 34 of that due by Commissioners on such stock not transferred to Malone, Painter, Clark and Gonder, was paid for by a credit for services rendered by them respectively, as Directors and Commissioners; showing a still further reduction of the available instalments on stock; and it will be observed that, in addition to this aggregated sum of $16,915 09, which was placed to the credit of these parties, on stock, for services rendered, $5,296 22 was paid to the same parties in cash, making the aggregate for this service $22,211 31. It may be remarked that the cash payments were made with balances in most cases against such Directors for unpaid subscriptions.

The present indebtedness of these Directors and Commissioners, for unpaid stock, is $14,801 50.

The operations just referred to may be regarded as among the many causes which have operated against the success of this road, and, indeed, may be classed as among the chief causes; for, where the Directors are indifferent to the true interest of the trust confided to them, and make self the only object of consideration, little good can be expected to follow their administration.

To show still further this extravagance—at the meeting of the

15th February, 1856, when theentire operations of the Company were in a state of suspension for want of funds, when nearly all available means were exhausted, the City of Philadelphia, Butler and Lawrence County Bonds nearly all pledged or absorbed for work then already completed, most of the individual county subscriptions, and a portion of those in the city, withheld, and such as had been collected were so far expended, that the balance by the Treasurer's books was $17,829 05, and that in stock notes which were not received from the Assistant Treasurer until February, 1857, the Directors fixed the salaries of the officers as follows:

President, - -	$3,500 and expenses.
Secretary and Treasurer,	1,800.
Assistant Treasurer, -	1,200 and expenses.

The state of the treasury, on the 30th November, 1857, is given by the report of the Treasurer, hereto appended.

The following statement will show, as far as the present board have been able to ascertain, the assets and liabilities of the company on the 31st December, 1857:

LIABILITIES.

Notes due and unpaid, - - -	$17,089 97
" not yet matured, - - -	36,897 18
Interest on 1st mortgage bonds, due July, 1857,	9,660 00
" " " " " " January, 1858,	18,480 00
Due contractors, - - - -	13,752 60
" G. W. M'Mahan, Treasurer, - -	894 71
" for rent, - - - -	425 00
" " sundry small bills, - - -	828 56
Second award to Malone, Painter, Clark & Gonder, in bonds, - - - - -	107,000 00
Total liabilities, - - -	205,028 02

ASSETS.

First mortgage bonds, - - -	$472,000 00
Bills receivable, on hand, and in suit, -	- 7,590 15
Butler County bonds, - - -	- 184,500 00
Lawrenee County bonds, - - -	- 2,000 00
Unpaid subscriptions, - - -	138,325 72
Subseriptions by Malone, Clark & Perkins, and transfers by Direetors to Malone, Painter, Clark & Gonder, and which it is believed those Directors are still responsible for, -	202,800 00
Due by Assistant Treasurer, D. Sankey, -	1,595 97
Due by Malone, Painter, Clark & Gonder,	2,417 75
Total assets, - - -	$1,011,229 59

It is proper here again to remark, that there are still other claims against the Company, not ineluded in the liabilities just mentioned, upon which the board have thus far been unable to obtain correet information; for want of cash means with whieh to make settlements, parties have so far refused negotiating; this, added to the want of information which the Chief Engineer of the road alone possesses, and whieh, in consequenee of serious indisposition, he has for several months been unable to eommunicate, has rendered all efforts on the part of the board, thus far, failures. The amount of these claims, however, is eomparatively small, and it is believed that they will yet be eompromised. Among them may be mentioned that of Wm. Maher, of the firm of Evans, Stewart, Maher & Collins. He was a Director of the road, and had the contract for furnishing the eross ties and laying the same. On the 15th May, 1857, a settlement was made with Wm. Maher, by the Company's note for $28,252, payable January 1, 1858, and giving him $52,000 1st mortgage

bonds as collateral. These collaterals were given, conditioned that if the note was not paid at maturity they should be retained by W. Maher as in full settlement of the said note; the note was not paid, consequently the bonds are forfeited, and thus the account is closed. The cross ties were not all furnished at the time of this settlement with Wm. Maher, but as they were furnished, large quantities were seized upon and sold, under an execution issued at the instance of the said Wm. Maher, to satisfy judgments obtained by him upon the notes of the Company, which he had either bought or received in payment of debts due him. In this way all the cross ties furnished by Wm. Maher & Co., large quantities of bridge lumber, bricks, and all other movable articles on the road, have been sold under these judgments, and purchased and now held by Wm. Maher and others, for about one-fourth the sum paid to him and others for such materials. The value of the materials thus sold has been estimated at $50,000.

It is true that offers have been made by Wm. Maher to restore these materials to the Company, but such offers have always been coupled with heavy expenses, and such conditions as to cash or its equivalent, as to render an arrangement thus far impossible; apart from the fear that a proposition to settle and restore the materials at this time, might be but a plan for furnishing food for other judgments, perhaps in the same parties hands, as he claims (notwithstanding the large amount sold) a balance due him of about $3,000, and for the failure on the part of the Company to meet this, he has had appointed by Judge Buffington, of Indiana county, a sequestrator in the person of Judge White, who has presented the order of the court for a surrender of—"1. All bonds and securities in your possession or under your control, issued by the City of Philadelphia and by the counties of Butler and Lawrence, in payment of stock subscribed to your Company by said city or counties, and delivered to your Company by the authorities of said city and counties, as their agents. 2. All

bonds of your own Company in your possession or under your control, and secured by the mortgage for one million of dollars executed by your Company. 3. All books of subscription for stock to your Company. 4. All books, papers and documents necessary and requisite to make settlements with the various contractors for work and labor and materials, in the making, building and construction of the North-Western Railroad. 5. All moneys, effects and property of any kind, in the hands or under the control of your said Company, or of your agents or officers;"—but, as the action of the Indiana County Court was at least questionable, the whole matter has been (upon a writ of error) taken to the Supreme Court, and, until a decision can be had by that tribunal, nothing can be done, either in collecting that which is due the Company, or in saving from almost total destruction many of the works on the line of the road. Operations of this kind, on the part of the pretended friends of the road, have assisted in producing its present embarrassment. The difficulty in obtaining payment upon the stock, unless by suit at law, (which is always slow,) has left the Company without the means to meet its obligations; advantage has been taken of this, by persons anxious to be classed among the friends of this enterprise, to seize and sell all the available materials on the road, such as iron, rails, chairs, bricks, &c., that were intended for its completion to Freeport.

In many cases the purchases were made by the very persons who forced the sale, and that, too, without the knowledge of any member of the Board; and, indeed, in some cases, the first notice of the sale would bring with it a proposition to restore them to the Company at advanced prices.

It is well that this should be explained, and it may be done in this wise: Suits have been commenced in the courts of Indiana, Westmoreland, Allegheny and Armstrong counties; and the plaintiffs, availing themselves of the law which renders the service of a writ on a Director good wherever he may be found within the jurisdiction of the tribunal issuing the process, served their

writs on members of the Board residing in places remote from the office of the Company, have had their writs returned, "served," and obtained judgments by default, the Company being first made acquainted with these steps upon the receipt through mail, from the Directors served, of the writs of summons long after judgments had been obtained.

Thus has the spirit of speculation been carried on against the Company, until it has not only been stripped of its means in cash, but had torn from it, by execution, almost every movable article on the line of the road.

It is a mortifying fact, that the North-Western Railroad seems to have been started and continued from a personal consideration and convenience to the Directors, rather than to complete a road for the accommodation of the business of the section of country through which it was designed to pass. The protection of the stockholders, and the interest of the city and counties who had so liberally extended their assistance, seems to have been altogether a secondary consideration. In support of this, and in addition to what has already been shown, we find that on the 19th October, 1854, at a meeting of the Board, held at Butler, at which C. C. Sullivan, S. M. Lane, J. Graham, S. A. Purviance, J. N. Purviance, J. M. Sullivan and A. N. Meylert were present, on motion of J. M. Sullivan and S. A. Purviance, the following resolution was adopted:

"*Resolved*, That the Treasurer be authorized to receive from Samuel M. Lane, for the use of the Company, a certain note of hand, drawn in favor of W. S. Boyd, by David Walker, for fourteen hundred dollars, and dated July 11, 1854, payable twelve months after date, with interest, and said note endorsed by W. S. Boyd; and the President and Secretary are authorized to draw a warrant in favor of S. M. Lane for the amount of principal and interest due to this time on said note, in full payment thereof to S. M. Lane."

For this note, a warrant was drawn for $1,422 75.

Here, then, is a transaction entirely foreign to that for which

the Company was chartered; but there is certainly a mystery hanging over the disposition of this note, which the minutes of the Board at least fail to explain. The meeting seems to have been called specially for this purpose, as no other business was transacted, and no doubt full compensation was claimed by those present, for the services which thus drew from the treasury in cash $1,422 75. The note in question was drawn by David Walker to W. S. Boyd—had no connection whatever with the Company, so far as appears by the record, and the motive or object of this note purchase is left unexplained by the minutes.

This note has never been paid, and still remains among the assets in remembrance of that sum wrung from a crippled company in cash, for a worthless piece of paper.

It may be said that this is no time to inquire into the *causes* of the embarrassment under which the Company is now laboring, but as great difficulties do exist, and as it would be unfair to charge the present direction with them, it has been thought proper that these few facts should be brought to the notice of those interested in the success of the road.

Much more might be said of its management from its organization, but it is believed that sufficient has been shown to prove that the subscription by the city of Philadelphia was obtained by false statements, and that the situation of the Company at the present time, with the facts here given, leave no room to doubt but that its whole management has been equal to the misstatements which secured that subscription.

A great desire has been felt by the Board to ascertain the actual condition of the road and the probable cost of its completion, but from the long-continued illness of the Chief Engineer, that has been attended with some difficulty. The following is, however, submitted, and believed to be reliable:

Approximate estimate of the work to be done on the Eastern Division of the North-western Railroad.

Graduation and masonry, - - -	$75,944 19
Bridge superstrueture, - - - -	72,218 94
Roadway superstructure, (exclusive of rails,) -	115,344 00
Rails, - - - - - -	217,872 00
Engineering, - - - - -	4,000 00
Total Eastern Division, - -	$485,379 13
To secure this, there is in first mortgage bonds -	$401,000 00
Butler county bonds, - - - -	184,500 00
Lawrenee county bonds, - - -	2,000 00
Unpaid city and country individual subscriptions, - - - - -	341,125 72
Total, - - - -	$928,625 72

These assets would more than eomplete this part of the road could the individual subseriptions be made availablc, but most of the delinquent stoek subseribers havc refused to pay their instalments until compelled by suit at law. Among these are most of the original directors and commissioners, whose only payments have been by credits for services rendered. This slow process neeessarily oeeasions delay, added to which the applieation for an injunetion to restrain the issue of the Butler county bonds, have prevented the Directors from negotiating for renewed operations upon the road.

As soon as a decision can be had in the case of the sequestrator, so that collections may again be pressed, and a deeision had in regard to the issue of the Butler county bonds, the work ean be again resumed.

The importanee of this road to the section of country through whieh it passes, to the roads with whieh it connects, and to the agrieultural and business community at both terminii, having

been so repeatedly adverted to in former reports, and, as it is believed, so generally understood, it is deemed unnecessary again to refer to this subject. It is to be deeply regretted that so many embarrassments have presented themselves in the way of its completion, and it has been a source of deep mortification to the Board that they have been compelled to look quietly on (for want of means) and see one lot of materials after another sold upon judgment, without the power or means of arresting such sales, and these sales pressed on by the very persons who are most clamorous for the completion of the road.

It may not be considered out of place before closing, to remark that the present Board, in view of the many difficulties surrounding them, have reduced the expenses to one-half their former amount. The entire sum of the annual expenses, including Engineer, is now $4,650 per annum.

The detailed statement of the advanced condition of the graduation and masonry, which we hoped to have presented with this report, has been unavoidably excluded on account of the serious and protracted illness of your Chief Engineer, Samuel H. Kneass, Esq. The entire corps, with the exception of the chief officer, having been disbanded.

JAMES S. WATSON,
President.

OFFICE OF THE NORTH-WESTERN RALROAD CO.,

Philadelphia, December 1, 1857.

JAS. S. WATSON, ESQ., President.

DEAR SIR:—In accordance with the By-Laws, I herewith submit a statement of the financial condition of the Company, embracing the receipts and payments from the organization of the Company, to date, amount of stock subscriptions, and number of shares full and part paid, and amount of stock subscriptions in suit at date.

Respectfully submitted,

GEO. W. McMAHAN,

Treasurer.

Receipts from all Sources.

		CR.	DR.
Amount received from instalments,			$1,446,374 28
First mortgage bonds issued,			528,000 00
*Bills payable, unpaid,			56,837 62
Profit and loss,			77 87
			$2,031,289 77
PAYMENTS.			
Expenses,		$10,215 92	
Stationery,		587 52	
Printing,		2,416 13	
Salaries,		23,122 74	
Engineering,		70,697 21	
Stock and charter expenses,		17,913 28	
Legal expenses,		4,894 76	
Right of way and land damages,		20,803 11	
Real estate,		935 00	
Bridge superstructure,		4,767 46	
Road "		19,323 09	
Graduation and masonry,		145,420 24	
Construction,	$1,211,165 16		
Paid to contractors, for which final estimates are not yet received, owing to the indisposition of the Chief Engineer,	20,646 10		
	$1,231,811 26		
From which deduct amount due contractors,	13,752 60		
		1,218,058 66	
Interest, including discount on first mortgage bonds,	$240,610 05		
Interest on stock subscriptions,	46,084 63		
" on first mortgage bonds,	7,875 00		
		294,569 68	
		$1,833,724 80	
BALANCE ON HAND:			
Butler county bonds,	$184,500 00		
Lawrence "	2,000 00		
Bills receivable,	$7,590 15		
Less balance due the Treasurer,	508 90		
	7,081 25		
Balance in hands of D. Sankey, late assistant Treasurer,	$2,630 32		
Less, amount to credit of instalment recpt. ac't,	1,034 35		
	1,595 97		
Due by Malone, Painter, C. & G.,	2,387 75		
		197,564 97	
		$2,031,289 77	$2,031,289 77

* $36,897 18, of bills payable, being secured by 71 first mortgage bonds, and not included in the above amount of $528,000.

Original Number of Shares subscribed, and Amount Received on such, to November 30, 1857.

	Full Paid Shares.	Shares Nothing Paid.	Shares Part Paid.	Amount received on full paid sha's in cash & notes.	Am't rec'd on part p'd shs. in cash & notes.
Philadelphia,	2,499	163	104	$124,950 00	1,610 00
Butler county,	257	250	1,516	12,850 00	34,641 87
Lawrence county,	145	129	748	7,250 00	12,269 50
Blairsville,	234	40	144	11,700 00	1,845 00
Saltsburg,	449	52	350	22,450 00	7,167 00
Livermore,	26		35	1,300 00	630 40
Leechburg,	3	108	120	150 00	3,520 00
Freeport,		55	151		1,970 00
Warren,	16		15	800 00	290 00
Pittsburg,	4		10	200 00	110 51
Tarrenton,			10		250 00
Indiana county,	6		4	300 00	70 00
Westmoreland county,	1			50 00	
	3,640	797	3,207	182,000 00	64,374 28
Subscription by M. Malone,		300			
" " James Clark,		100			
" " G. W. Reed, of Butler, released under resolution,		50			
Subscription by Jacob Perkius,		1,000			
Transferred to Malone, P., C. & Gonder, under their first contract:—					
From Butler county,		1,756			
" Lawrence county,		500			
" Westmoreland co.,		300			
" Lancaster county,		100			
Philadelphia city,	15,000			750,000 00	
Butler county,	5,000			250,000 00	
Lawrence county,	4,000			200,000 00	
	27,640	4,903	3,207	1,382,000 00	64,374 28
				64,374 28	
Whole amount received,				1,446,374 28	

Total number of shares:—

Full paid,	27,640
Part paid,	3,207
Nothing,	4,903
	35,750

Amount of unpaid subscriptions in suit, on shares part paid:—

In Butler county,	$38,777 63
Lawrence county,	27,290 65
Westmoreland, Armstrong and Indiana counties,	24,337 60
	$90,405 88

TABLE OF DISTANCES.

PHILADELPHIA TO CHICAGO.—No. 1.

	Miles.
Philadelphia to Blairsville Junction, via Pennsylvania Central Railroad,	299
Blairsville Junction to New Castle, via North-western Railroad, -	90
New Castle to Cleveland, via Cleveland and Mahoning Railroad -	85
From Philadelphia to Cleveland, - - - - -	474
Cleveland to Sandusky, via N. Division of Cleveland and Toledo Railroad,	60
From Philadelphia to Sandusky, - - - - -	534
Sandusky to Toledo, via N. Division of Cleveland and Toledo Railroad,	47
From Philadelphia to Toledo, - - - - - -	581
From Toledo to Chicago, via Northern Indiana Air Line Railroad, -	231
From Philadelphia to Chicago, with 4.8½ gauge throughout, -	812

PHILADELPHIA TO CHICAGO.—No. 2.

Philadelphia to Pittsburg, via Pennsylvania Central Railroad, -	353
Pittsburg to Crestline, via Pittsburg, Fort Wayne and Chicago Railroad,	188
Crestline to Fort Wayne, via " " " " " "	130
Fort Wayne to Plymouth, via " " " " " "	65
Plymouth to Laporte, via " " " " " "	29
Laporte to Chicago, via Southern Michigan and Northern Indiana Railroad, - - - - - - - - -	52
From Philadelphia to Chicago, with break of gauge at Pittsburg and at Plymouth, - - - - - - - -	817

PHILADELPHIA TO CHICAGO.—No. 3.

Philadelphia to Pittsburg, via Pennsylvania Central Railroad, -	353
Pittsburg to Crestline, via Pittsburg, Fort Wayne and Chicago Railroad,	188
Crestline to Fort Wayne, via " " " " " "	130
Fort Wayne to Chicago, via " " " " " "	147
From Philadelphia to Chicago, with break of gauge at Pittsburg,	818

NEW YORK TO CHICAGO.—No. 1.

	Miles.
New York to Easton, via New Jersey Central Railroad,	76
Easton to Allentown, via Lehigh Valley Railroad,	16
Allentown to Auburn, via Lehigh Valley Railroad,	40
Auburn to Junction, via Pennsylvania Central at Rockville, via Dauphin and Susquehanna Railroad,	54
Rockville to Blairsville Junction, via Pennsylvania Central Railroad,	188
Blairsville Junction to New Castle, via North-western Railroad,	90
New Castle to Cleveland, via Cleveland and Mahoning Railroad,	85
From New York to Cleveland,	549
Cleveland to Sandusky, via N. Division Cleveland and Toledo Railroad,	60
From New York to Sandusky,	609
Sandusky to Toledo, via N. Division Cleveland and Toledo Railroad,	47
From New York to Toledo,	656
Toledo to Chicago, via Northern Indiana Air Line Railroad,	231
From New York to Chicago, with 4.8½ gauge throughout,	887

NEW YORK TO CHICAGO.—No. 2.

New York to Easton, via New Jersey Central Railroad,	76
Easton to Mauch Chunk, via Lehigh Valley Railroad,	45
Mauch Chunk to Tamaqua, via Lehigh Valley Railroad,	18
Tamaqua to Williamsport, via Cattawissa, Williamsport and Erie Railroad,	99
Williamsport to Erie, via Sunbury and Erie Railroad,	243
Erie to Cleveland, via Cleveland and Erie Railroad,	95
From New York to Cleveland,	576
Cleveland to Toledo, via Southern Division Cleveland and Toledo Railroad,	113
From New York to Toledo,	689
Toledo to Chicago, via Northern Indiana Air Line Railroad,	231
From New York to Chicago, with break of gauge at Erie and Toledo,	920

NEW YORK TO CHICAGO.—No. 3.

	Miles.
New York to Easton, via New Jersey Central Railroad,	76
Easton to Allentown, via Lehigh Valley Railroad,	16
Allentown to Reading, via Reading and Lehigh Railroad,	34
Reading to Harrisburg, via Lebanon Valley Railroad,	54
Harrisburg to Blairsville Junction, via Pennsylvania Central Railroad,	193
Blairsville Junction to New Castle, via North-western Railroad,	90
New Castle to Cleveland, via Cleveland and Mahoning Railroad,	85
From New York to Cleveland,	548
Cleveland to Sandusky, via Northern Division Cleveland and Toledo Railroad,	60
From New York to Sandusky,	608
Sandusky to Toledo, via Northern Division Cleveland and Toledo Railroad,	47
From New York to Toledo,	655
Toledo to Chicago, via Northern Indiana Air Line Railroad,	231
From New York to Chicago, with 4.8½ gauge throughout,	886

NEW YORK TO CHICAGO.—No. 4.

New York to Dunkirk, via New York and Erie Railroad,	461
Dunkirk to Erie, via Erie and North East Railroad,	48
Erie to Cleveland, via Cleveland and Erie Railroad,	95
From New York to Cleveland,	604
Cleveland to Toledo, via Southern Division Cleveland and Toledo Railroad,	113
From New York to Toledo,	717
Toledo to Chicago, via Northern Indiana Air Line Railroad,	231
From New York to Chicago, with break of gauge at Dunkirk and at Toledo,	948

NEW YORK TO CHICAGO.—No. 5.

	Miles.
New York to Hornellsville, via New York and Erie Railroad, -	333
Hornellsville to Buffalo, via Buffalo Division of New York and Erie Railroad, - - - - - - - - -	91
Buffalo to Suspension Bridge, via Buffalo, Niagara Falls and Lewiston Railroad, - - - - - - - -	24
Suspension Bridge to Windsor, via Great Western Railroad, -	229
Windsor or Detroit to Chicago, via Michigan Central Railroad, -	284
From New York to Chicago, with break of gauge at Buffalo and Ferry at Windsor to Detroit, - - - - - - -	961

CRESTLINE TO PHILADELPHIA.—No. 1.

Crestline to Pittsburg, via Pittsburg, Fort Wayne and Chicago Railroad,	188
Pittsburg to Philadelphia, via Pennsylvania Central Railroad, -	353
Total from Crestline to Philadelphia, - - - - -	541

CRESTLINE TO PHILADELPHIA.—No. 2.

Crestline to Cleveland, via Cleveland and Columbus Railroad, -	75
Cleveland to New Castle, via Cleveland and Mahoning Railroad, -	85
New Castle to Blairsville, via North-western Railroad, - -	90
Blairsville to Philadelphia, via Pennsylvania Central Railroad, -	299
Total from Crestline to Philadelphia, - - - - -	549